

**Mesuma Sports Sdn Bhd v Majlis Sukan Negara, Malaysia
(Pendaftar Cap Dagangan, Malaysia, interested party)**

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO
W-02(IPCV)(W)-272-01 OF 2013
MOHAMAD ARIFF, MAH WENG KWAI AND DAVID WONG JJCA
3 SEPTEMBER 2014

*Trade Marks — Application to expunge from register — Registered mark
— Appellant requested by respondent to produce and supply sports clothing bearing
tiger stripes design — Appellant later claimed to be first user of design of trademark
— Design registered as trademark by Registrar of Trade Marks Malaysia in name
of appellant — Aggrieved party — Whether appellant had legal right to file for
registration of design as its trademark*

The appellant was a private limited company and is in the business of supplying sporting apparels, equipment, accessories and sporting goods generally. It had been a contract supplier of the same to the respondent, a statutory body whose main responsibility was the promotion of sports in the country. In 2006, the appellant was requested by the respondent to produce and supply sports clothing bearing the tiger stripes design ('the design'). Some three years later, the appellant, claiming itself to be the first user of the design as a trademark in the course of trade, filed for registration of the design under the Trade Marks Act 1976 ('the Act') while it was still a supplier of sports goods to the respondent. The design was registered as a trademark by the Registrar of Trade Marks Malaysia in the name of the appellant as the proprietor in the register for a period of ten years in Class 18 under the Act and the Trade Marks Regulations 1997 in respect of 'sporting apparels, equipment and accessories and sports clothing' vide Trade Mark Nos 09011365 and 09011366, respectively. The respondent filed a suit against the appellant claiming that it was the lawful owner of the design and trademark and that the appellant had, inter alia, passed-off the respondent's design. The respondent also sought relief to revoke the registration of the appellant and to rectify the Trademarks Register. The appellant in turn counterclaimed for infringement and passing-off of its trademark against the respondent. The appellant did not dispute that the respondent was the lawful owner of the design but the appellant claimed to be the lawful holder of the trademark on the ground that it was the first user of the design as a trademark in the course of trade. The appellant's position was that whilst it recognised the fact that the respondent was the originator of the design, the legal right for the registration of the trademark was not based on the creation of the mark but on the first user of the design as a trademark. The appellant contended that the respondent did not use the design as a trademark

- A although they had ownership of it; infringement was not an issue as the respondent could use the design as ‘an indicator or badge of support’ when it needed to, as user of a ‘badge of support’ was not in the course of trade; the origin and function of the design and the nexus between the production and sale of items must be in the context of use to the extent that it conveyed to the public that the products were those of the appellant. The trial judge allowed the respondent’s claim with costs and held that the defendant had invaded the plaintiff’s intangible property right in his product by misappropriating the tiger stripes description/mark which had become recognised by the public as distinctive of the plaintiff. The appellant appealed to the Court of Appeal. The issue that arose was whether the appellant had the legal right to file for registration of the design as its trademark.

Held, dismissing the appeal with costs:

- D (1) Apart from being the owner of the design, the respondent was in fact and in law the first user of the design since its creation in 2005. The respondent was only appointed as a paid contract supplier in 2006 to produce garments carrying the design for the Malaysian contingent participating in the Asian Games in Doha (see para 23).
- E (2) The respondent was a statutory body charged with the responsibility of promotion of sports in the country. One of the ways to do so is to have a ‘corporate identity’ created so that all the athletes representing Malaysia would be happy to wear sports clothing and use sports goods bearing the design with a high degree of pride, responsibility and nationalism. The design would create or cultivate the spirit of togetherness amongst the athletes in any Malaysian team or contingent. The design would also allow athletes to have a visual sense of belonging among them. Thus, while it is obvious that the respondent would not be making money out of its own athletes when supplying them with free sports clothes and sports goods bearing the design, it was nonetheless in the business of promoting its statutory activity of enhancing the standard of sports in the country (see para 24).
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- H (3) The respondent had no locus standi to bring this action as the respondent has not proved it had used the design in the ‘trademark sense’. The appellant contended that the use in ‘a trademark sense’ can only be achieved through the manufacturing and sale of goods with the design embodied and goodwill can only be achieved through business activities such as ‘manufacturing, supplying and selling’ the sports attire and garments it had produced. This line of argument overlooked two points namely the respondent did not restrict itself to this so called ‘traditional’ passing-off claim where the words ‘in the course of trade’ are narrowly restricted to activities such as manufacturing, supplying and selling only and the restricted interpretation would mean disregarding other forms of
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use in the course of trade such as obtaining sponsorships, granting merchandising rights and other licensing rights over the use of the design (see para 31).

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- (4) The respondent need not be a 'commercial entity' before it could be said that the respondent had used the design 'in the course of trade'. The respondent need not be a commercial entity to manufacture and sell sporting goods bearing the design before it can be said that it was using the design in the course of trade. The respondent by using the design owns the goodwill generated thereby in relation to the mark. The respondent in using the design for purposes of branding can be deemed to be using the mark in the course of trade (see para 33).

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- (5) The respondent was clearly an aggrieved person to come within the ambit and scope of s 46(1) of the Act and thus had the locus standi to bring this action. The respondent was the first user of the design. The use of the design on sporting goods had been acknowledged as a national identity in sports in Malaysia. It was the respondent that had appointed the appellant to produce the sports goods carrying the design in 2006 with the first invoice issued by the appellant (see paras 41 & 51).

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[Bahasa Malaysia summary]

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Perayu adalah syarikat sendirian berhad dan dalam perniagaan membekal pakaian, alat-alat, aksesori sukan dan barangan sukan secara amnya. Ia telah menjadi pembekal kontrak yang sama kepada responden, sebuah badan berkanun yang mana tanggungjawab utamanya adalah menggalakkan sukan dalam negara. Pada 2006, perayu diminta oleh responden untuk mengeluarkan dan membekal baju sukan yang mempunyai corak tiga jalur harimau ('corak itu'). Tiga tahun kemudian, perayu, yang mendakwa sendiri sebagai pengguna pertama corak itu sebagai tanda niaga dalam menjalankan perniagaan, telah memfailkan untuk pendaftaran corak itu di bawah Akta Cap Dagangan 1976 ('Akta tersebut') semasa ia masih pembekal barangan sukan kepada responden. Corak itu telah didaftarkan sebagai tanda niaga oleh Pendaftar Tanda Niaga Malaysia atas nama perayu sebagai tuan punya dalam buku daftar bagi tempoh sepuluh tahun dalam Kelas 18 di bawah Akta tersebut dan Peraturan-Peraturan Akta Cap Dagangan 1997 berhubung 'sporting apparels, equipment and accessories and sports clothing' melalui Tanda Niaga No 09011365 dan 09011366, masing-masingnya. Responden telah memfailkan guaman terhadap perayu menuntut bahawa ia adalah pemilik sah corak itu dan tanda niaga itu dan bahawa perayu telah, antara lain, mengelirupkan corak responden. Responden juga memohon relief untuk membatalkan pendaftaran perayu dan untuk membetulkan pendaftaran tanda niaga. Perayu sebaliknya telah menuntut balas untuk pelanggaran dan kelirupaan tanda niaganya terhadap responden. Perayu tidak mempertikaikan bahawa responden adalah pemilik sah corak itu tetapi perayu mendakwa pemegang sah tanda niaga itu atas alasan bahawa ia adalah pengguna pertama corak itu sebagai tanda niaga

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- A dalam menjalankan perniagaan. Kedudukan perayu adalah di mana ia menyedari fakta yang responden adalah pengasas corak itu, hak undang-undang untuk pendaftaran tanda niaga tidak berdasarkan rekaan tanda tetapi berdasarkan pengguna pertama corak itu sebagai tanda niaga. Perayu berhujah bahawa responden tidak menggunakan corak itu sebagai
- B tanda niaga meskipun mereka mempunyai milikannya; pelanggaran bukan suatu isu kerana responden boleh menggunakan corak itu sebagai 'an indicator or badge of support' apabila ia memerlukannya, kerana pengguna 'badge of support' bukan dalam menjalankan perniagaan; asal dan fungsi corak itu dan
- C kaitan antara pembuatan dan jualan item-item hendaklah dalam konteks penggunaan sehingga ia menyampaikan kepada orang awam bahawa produk itu adalah milik perayu. Hakim perbicaraan membenarkan tuntutan responden dengan kos dan memutuskan bahawa defendan telah mencerooboh hak harta tidak ketara plaintif dalam produknya dengan menyalah guna gambaran/tanda
- D jalur harimau itu yang telah dikenali oleh orang awam sebagai milik plaintif tersendiri. Perayu telah merayu ke Mahkamah Rayuan. Isu yang timbul adalah sama ada perayu mempunyai hak undang-undang untuk memfailkan untuk pendaftaran corak itu sebagai tanda niaganya.
- E **Diputuskan**, menolak rayuan dengan kos:
- (1) Selain daripada menjadi pemilik corak itu, responden dari segi fakta dan dari segi undang-undang adalah pengguna pertama corak itu sejak rekaannya pada 2005. Responden hanya dilantik sebagai pembekal kontrak berbayar pada 2006 untuk menghasilkan pakaian yang
- F membawa corak itu untuk kontigen Malaysia yang menyertai Sukan Asia di Doha (lihat perenggan 23).
- (2) Responden adalah badan berkanun yang ditugaskan dengan tanggungjawab menggalakkan sukan di negara ini. Salah satu cara
- G berbuat demikian adalah dengan mempunyai 'corporate identity' yang direka agar semua atlit yang mewakili Malaysia berasa gembira untuk memakai pakaian sukan dan menggunakan barangan sukan yang mempunyai corak itu dengan rasa bangga, tanggungjawab dan semangat nasionalis yang tinggi. Corak itu akan mereka atau membentuk semangat
- H perpaduan dalam kalangan para atlit dalam mana-mana pasukan atau kontigen Malaysia. Corak itu juga akan membenarkan para atlit mempunyai rasa muhibah yang jelas dalam kalangan mereka. Oleh itu, yang mana ia adalah jelas bahawa responden tidak membuat keuntungan daripada atlitnya sendiri apabila memberikan kepada mereka pakaian sukan dan barangan sukan dengan percuma yang mempunyai corak itu,
- I namun begitu ia dalam usaha menggalakkan aktiviti statutorinya dengan menambah baik tahap sukan negara (lihat perenggan 24).
- (3) Responden tidak mempunyai locus standi untuk memulakan tindakan ini kerana responden tidak membuktikan ia telah menggunakan corak

itu dalam 'trademark sense'. Perayu berhujah bahawa penggunaan dalam 'a trademark sense' hanya boleh tercapai melalui pembuatan dan jualan barangan dengan corak itu seperti 'manufacturing, supplying and selling' baju dan pakaian sukan yang dihasilnya. Hujah ini terlepas pandang dua perkara iaitu responden tidak menghadkan dirinya kepada tuntutan kelirupaan yang dikatakan 'traditional' di mana perkataan-perkataan 'in the course of trade' dihadkan kepada aktiviti-aktiviti seperti pembuatan, pembekalan dan jualan sahaja dan tafsiran terhad itu akan bermaksud tidak termasuk cara penggunaan lain dalam menjalankan perniagaan seperti memperoleh penajaan, pemberian hak dagangan dan hak perlesenan lain ke atas penggunaan corak itu (lihat perenggan 31).

- (4) Responden tidak perlu menjadi 'commercial entity' sebelum ia boleh dikatakan bahawa responden telah menggunakan corak itu 'in the course of trade'. Responden tidak perlu menjadi entiti komersial untuk mengeluarkan dan menjual barangan sukan yang mempunyai corak itu sebelum ia boleh dikatakan bahawa ia menggunakan corak itu dalam menjalankan perniagaan. Responden dengan menggunakan corak itu mempunyai nama baik yang terhasil daripada tanda itu. Responden dengan menggunakan corak itu bagi tujuan penjenamaan boleh dianggap menggunakan tanda itu dalam menjalankan perniagaan (lihat perenggan 33).
- (5) Responden dengan jelas seorang yang terkilan dalam skop s 46(1) Akta tersebut dan oleh itu mempunyai locus standi untuk memulakan tindakan ini. Responden adalah pengguna pertama corak itu. Penggunaan corak pada barangan sukan itu telah dikenali sebagai identiti nasional dalam sukan di Malaysia. Adalah responden yang telah melantik perayu untuk menghasilkan barangan sukan yang membawa corak itu pada 2006 dengan invois pertama dikeluarkan oleh perayu (lihat perenggan 41 & 51).]

Notes

For cases on registered mark, see 12(2) *Mallal's Digest* (4th Ed, 2013 Reissue) 2356–2357.

Cases referred to

- Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors, The v Syarikat Faiza Sdn Bhd* [2011] 2 MLJ 768; [2011] 9 CLJ 394, HC (refd)
- Al Bassam Trade Mark* [1995] RPC 511, CA (refd)
- Cadbury Schweppes Pty Ltd and others v Pub Squash Co Pty Ltd* [1981] RPC 429, PC (refd)
- Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495, FC (refd)
- Jost Cranes GmbH & Co KG v Jost Cranes Sdn Bhd* [2010] 4 MLJ 191; [2010] 1 LNS 331, HC (refd)

- A** *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 3 CLJ 661, FC (refd)
Law Society of England and Wales v Society of Lawyers [1996] FSR 739, Ch D (folld)
Leather Cloth Co Ltd v American Leather Cloth Co Ltd (1865) 11 HL Cas 523 (refd)
- B** *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774; [2009] 3 CLJ 540, CA (refd)
McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741; [2009] 4 CLJ 749, FC (refd)
- C** *Syarikat Zamani Hj Tamin Sdn Bhd & Anor v Yong Sze Fun & Anor* [2006] 5 MLJ 262, HC (refd)
U-Re Auto Sdn Bhd v York Pacific Holdings Ltd [2004] 3 CLJ 172, CA (refd)

D Legislation referred to

National Sports Council Act 1971
 Trade Marks Act 1976 ss 25, 25(1), 39, 45(1)(a), 46, 46(1), 46(1)(a)
 Trade Marks Regulations 1997

- E Appeal from:** Suit No D-22IP-2-01 of 2012 (High Court, Kuala Lumpur)
SF Wong (CY Loi with him) (Shearn Delamore & Co) for the appellant.
Mohamad Bustaman Hj Abdullah (Mahendra Kumar and Adhuna Kamarul Ariffin with him) (Bustaman) for the respondent.

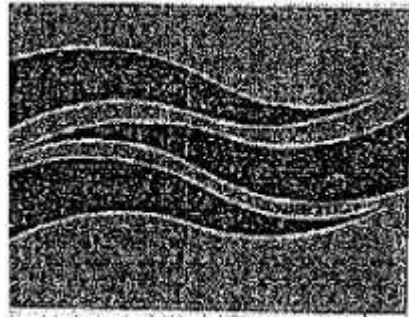
F Mah Weng Kwai JCA (delivering judgment of the court):

BACKGROUND

- G** [1] The appellant is a private limited company and is in the business of supplying sporting apparels, equipment, accessories and sporting goods generally ('sports goods'). It had been a contract supplier of the same to the respondent since 1990.
- H** [2] The respondent is a statutory body established under the provisions of the National Sports Council Act 1971. Its main responsibility is the promotion of sports in the country.
- I** [3] In 2006, the appellant was requested by the respondent to produce and supply sports clothing bearing the Tiger Stripes Design ('the design'), the subject matter of this suit.
- [4] Some three years later, on 9 July 2009 the appellant claiming itself to be the first user of the design as a trademark in the course of trade filed for

registration of the design under the Trade Marks Act 1976 ('the Act') while it was still a supplier of sports goods to the respondent.

[5] On 11 and 19 February 2011, the design was registered as a trademark by the Registrar of Trade Marks Malaysia in the name of the appellant as the proprietor in the register for a period of ten years from 9 July 2009–9 July 2019 in Class 18 under the Trade Marks Act 1976 and the Trade Marks Regulations 1997 in respect of 'sporting apparels, equipment and accessories and sports clothing' vide Trade Mark Nos 09011365 and 09011366, respectively. The design is depicted below:



[6] Being a person aggrieved, the respondent filed a suit against the appellant claiming that it is the lawful owner of the design and trademark and that the appellant had, inter alia, passed-off the respondent's design. The respondent also sought relief to revoke the registration of the appellant and to rectify the trademarks register. The appellant in turn counterclaimed for infringement and passing-off of its trademark against the respondent.

[7] The appellant did not dispute that the respondent is the lawful owner of the design but the appellant claimed to be the lawful holder of the trademark on the ground that it was the first user of the design as a trademark in the course of trade.

[8] To fully appreciate the claim of the respondent it is necessary to trace the development of the design from its creation/inception till its registration as a trademark in 2011 by the appellant. This is to demonstrate the history of the design and the efforts taken by the respondent in its development:

- (a) in 2005, the Ministry of Youth and Sports, Malaysia with the cooperation of the respondent and a company known as 59icons Sdn Bhd organised a contest to design a new motif for the jerseys to be worn by all Malaysian athletes representing the country in sports events held within the country and internationally;

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(b) the Ministry reserved its right to claim ownership of all drawings, artwork or concepts submitted by participants in the New Jersey Design Competition and to use them for any purpose;
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(c) on 29 September 2005, after several selection processes, two winning entries were handed to Lim Kok Wing University College ('LKWUC') to 'revise and refine the designs' as well as for the production of prototypes to be shown to the Jawatankuasa Kabinet Pembangunan Sukan on 3 October 2005. After final selection, the design was launched by the Ministry on 14 November 2005;
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(d) all Malaysian athletes who took part in the SEA Games held in Manila, Philippines in 2005 wore the Malaysian Jersey incorporating the design for the first time, to represent Malaysia. The fact of the launch and the first official use of the design by the Ministry and the Malaysian athletes was admitted by Dato' Dr Ramlan Abdul Aziz ('DW1'), Dato' Sieh Kou Chi ('DW3') and Heng Kiah Chong ('DW4') in cross-examination;
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(e) on 1 March 2006 a memorandum was sent by the *Ketua Setiausaha* of the Ministry to the Minister of Youth and Sports recommending that the design be registered as a trademark as it was the property of the Malaysian Government (Ministry of Youth and Sports) so as to prevent others from using the same without permission;
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(f) by a letter dated 15 January 2010 the respondent authorised one 'CR Sports Sdn Bhd' to file an application to register the design as a trademark on behalf of the respondent;
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(g) by a deed of assignment dated 6 September 2011, CR Sports Sdn Bhd as the assignor, assigned the title, ownership, rights and all interest over the application for the registration of the design as a trademark to the respondent;
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(h) and by letter dated 15 September 2011 the Ministry in turn assigned all its rights, ownership and management to and of the design to the respondent;
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(i) from the evidence adduced by the respondent at trial, it was not disputed by the appellant that out of a total of 36,075 items of sports goods bearing the design ordered from various suppliers, the appellant had supplied 26,012 items of such goods to the respondent at the cost of RM2,325,750 out of a total cost of RM3,707,845, as at April 2011;
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(j) it was not disputed that the appellant first used the design as a supplier upon orders from the respondent. The first invoice was issued by the appellant dated 11 December 2006 in respect of supplies occasioned by the Asian Games in Doha;

- (k) the respondent claimed that since the launch of the design on 14 November 2005 in conjunction with the SEA Games, its extensive use of the design has generated sufficient goodwill as a trademark; A
- (l) the respondent contended that the appellant's application for registration of the design as a trademark was done in bad faith considering that the appellant was a paid contract supplier of the respondent since 2006; and B
- (m) in evidence, DW4 admitted that the design registered in the name of the appellant was based on or adopted from the design claimed by the respondent in the design. The reason given by the appellant for wanting to register the design was to prevent others from copying it and to control the quality of the sports goods. C

THE APPELLANT'S CASE

[9] The appellant's position was that whilst it recognised the fact that the respondent was the originator of the design, the legal right for the registration of the trademark was not based on the creation of the mark but on the first user of the design as a trademark. D

[10] The appellant contended that the respondent did not use the design as a trademark although they had ownership of it. E

[11] The appellant further contended that infringement was not an issue as the respondent could use the design as 'an indicator or badge of support' when it needed to, as user of a 'badge of support' was not in the course of trade. F

[12] The appellant also contended that the origin and function of the design and the nexus between the production and sale of items must be in the context of use to the extent that it conveys to the public that the products are those of the appellant. G

[13] Counsel for the appellant submitted that although the respondent's claim was for passing-off, no evidence in support had been adduced to prove misrepresentation nor the use of the design as a distinctive trademark. H

THE RESPONDENT'S CASE

[14] The position taken by the respondent was quite straightforward. it claimed to be the owner as well as the first user of the design. I

[15] The respondent claimed that it had been using the design as a trademark in the course of trade although not for profit as it was a statutory

- A** body and not a profit-oriented organisation. The design or logo attracted people to its events and was a means to obtain sponsorships.

DECISION OF THE HIGH COURT

- B** [16] After a full trial, the learned trial judge allowed the respondent's claim with costs. In allowing the claim the learned trial judge held that 'in my view the defendant has invaded the plaintiff's intangible property right in his product by misappropriating the Tiger Stripes description/mark which has become recognised by the public as distinctive of the plaintiff. On the evidence, the public would only associate the Tigers Stripes mark with the plaintiff.'
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[17] Being dissatisfied with the decision, the appellant appealed to the Court of Appeal.

- D** DECISION OF THE COURT OF APPEAL

- [18] Upon reading the appeal record and the written submissions of counsel for the appellant and the respondent and upon hearing the oral submissions of counsel aforesaid, the court was of the unanimous view that there was no appealable error in the decision of the learned trial judge and accordingly dismissed the appeal with costs of RM30,000.
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- [19] Being dissatisfied with the decision of this court, the appellant has now filed its notice of appeal to the Federal Court.
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FOUNDATIONS OF DECISION

- [20] At the outset the respondent had founded its claim on three causes of action namely, infringements of copyright, industrial design and trademark. However in the appeal, the respondent did not pursue its claim for infringements under copyright and industrial design.
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- [21] Thus, the sole question to be determined by the court was whether the appellant had the legal right to file for registration of the design as its trademark.
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[22] The court took cognisance of the following undisputed facts, inter alia, namely:

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- (a) ownership of the design belonged to the Government of Malaysia through the Ministry of Youth and Sports;
 - (b) the design was drawn or created in response to a competition held by the Ministry and was refined by LKWUC at the request of the Ministry;

- (c) the design has been registered in the name of the appellant as the proprietor of the trademark; **A**
- (d) the application for registration of the design as a trademark by CR Sports Sdn Bhd is currently pending. It was in the course of commercialising the trademark that the respondent appointed CR Sports to manage the trademark; **B**
- (e) the respondent is now the owner of the design as it had been assigned by the Ministry of Youth and Sports to it. The pending application has similarly been assigned by CR Sports Sdn Bhd to the respondent (see *rekod rayuan Jld 2(4)* p 881); and **C**
- (f) the design registered by the appellant is essentially the same design given to the appellant by the respondent for the purpose of the production and supply of the various sports goods. Whilst the respondent has expended time, effort and expense to develop the design, the appellant had hardly expended any bona fide effort to design the 'Tiger Stripes design' as the appellant merely copied the design of the respondent. **D**

[23] We are of the considered view that apart from being the owner of the design, the respondent was in fact and in law the first user of the design since its creation in 2005. The respondent was only appointed as a paid contract supplier in 2006 to produce garments carrying the design for the Malaysian contingent participating in the Asian Games in Doha. **E**

[24] That said, the real issue to be determined is whether the respondent had used the design 'in the course of trade'. It was rigorously submitted by counsel for the appellant that the respondent did not use the design in the course of trade as it was not in its nature to do so. With respect, we disagree with this narrow interpretation of the phrase 'in the course of trade' to mean that it must be in the course of business to make some profit. It must be remembered that the respondent is a statutory body charged with the responsibility of promotion of sports in the country. One of the ways to do so is to have a 'corporate identity' created so that all the athletes representing Malaysia would be happy to wear sports clothing and use sports goods bearing the design with a high degree of pride, responsibility and nationalism. The design would create or cultivate the spirit of togetherness amongst the athletes in any Malaysian team or contingent. The design would also allow athletes to have a visual sense of belonging among them. Thus, while it is obvious that the respondent would not be making money out of its own athletes when supplying them with free sports clothes and sports goods bearing the design, it was nonetheless in the business of promoting its statutory activity of enhancing the standard of sports in the country. **F**
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- A [25] The court in coming to its decision was prepared to apply a more liberal interpretation of the phrase ‘in the course of trade’. The design had been used or intentionally used by the respondent in its activities since 2005. The appellant came into the picture only because of its appointment to produce and supply sports goods to the respondent in 2006. It can be said that the
- B appointment of the appellant was an act in the course of trade by the respondent and in the process goodwill had been generated. The respondent, as early as in 2005 had acquired goodwill and had this intention to use the design as a mark in the course of trade, even if there was no evidence of any immediate use.
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- D [26] We are of the view that the appellant did not rank as the first user in point of time (s 25 of the Trade Marks Act 1976). As mentioned earlier, it was the respondent who had brought the appellant into the business of supplying sports goods to the respondent. But, some three years later, the appellant had the audacity to file for registration of the design as the proprietor on the basis that it was the first user of the design. Factually, the appellant knows that the position taken cannot be correct and cannot be seen to be seeking relief from the court.
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- F [27] The conduct of the appellant cannot help but remind us of the proverbial camel and the Arab in the tent. The respondent brought the appellant in and after three years of doing business with the respondent, the appellant now wants the respondent out. Surely, this conduct of the appellant, like that of the camel, cannot be condoned.
- G [28] The irony of the situation is amplified when it is noted that the respondent cannot use the design, as matters stand, without the consent of the appellant. While the respondent can obtain sponsorships from third parties, for example, Telekom Malaysia as submitted by the appellant, the respondent has no locus to authorise Telekom Malaysia to carry on any of the activities using the design for business without infringing the trademark of the appellant.
- H [29] The court agrees with the respondent that while the appellant has conveniently labelled its ‘first use’ of the design as a mark since the Asian Games in Doha in 2006, no distinction is however made by the appellant from its use arising from that first order of garments by the respondent in 2006 and the appellant’s own use of the very same design as a trademark from then till now.
- I [30] It was in evidence that upon the launch of the national jersey carrying the design in 2005, a manufacturer/producer, namely Antioni, had been appointed to produce and supply the national jersey carrying the design. Thus going by the appellant’s argument that the use of a specified mark or design under a supply contract equals to first use of the mark or design for the benefit

of the supplier, then as a matter of fact the appellant has failed to show it was the 'first user' when in fact the first user contractually was 'Antioni'.

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[31] With respect, the court cannot accept the argument of counsel for the appellant that the respondent has no locus standi to bring this action as the respondent has not proved it had used the design in the 'trademark sense'. The appellant contended that the use in 'a trademark sense' can only be achieved through the manufacturing and sale of goods with the design embodied and goodwill can only be achieved through business activities such as 'manufacturing, supplying and selling' the sports attire and garments it had produced. This line of argument overlooks two points namely (a) the respondent did not restrict itself to this so called 'traditional' passing-off claim where the words 'in the course of trade' are narrowly restricted to activities such as manufacturing, supplying and selling only and (b) the restricted interpretation would mean disregarding other forms of use in the course of trade such as obtaining sponsorships, granting merchandising rights and other licensing rights over the use of the design.

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[32] At all material times the appellant was fully aware that it was not legally entitled to the mark and had unlawfully applied to register the design. Where there are two competing claims as in this case by the respondent as the owner of the design and the appellant as the supplier of the sports goods with the design incorporated on the items, it can be argued that the use of the design by the appellant can be taken or deemed to be use of the mark by the respondent as the owner of the design (see *Jost Cranes GmbH & Co KG v Jost Cranes Sdn Bhd* [2010] 4 MLJ 191; [2010] 1 LNS 331).

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[33] A further word on the 'use in the course of trade' argument. We are of the view that the respondent need not be a 'commercial entity' before it can be said that the respondent had used the design 'in the course of trade'. The respondent need not be a commercial entity to manufacture and sell sporting goods bearing the design before it can be said that it was using the design in the course of trade. The respondent by using the design owns the goodwill generated thereby in relation to the mark. The respondent in using the design for purposes of branding can be deemed to be using the mark in the course of trade.

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[34] The appellant by registering itself as the proprietor of the design as a trademark has effectively prevented the respondent from appointing any other sports goods manufacturer to produce and supply goods bearing the design to it. As aptly stated by counsel for the respondent in his written submission that 'the act of the Appellant claiming ownership of the Tiger Stripes design as its very own trademark would effectively hold the Appellant and through it the Ministry of Youth and Sports and the Government of Malaysia, to ransom,

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- A against ever giving permission or licence to any other party to produce the same goods and using the same Tiger Stripes design, without the Appellant's permission'. To state the obvious, this has created an undesirable situation where the appellant has surreptitiously used the circumstances to its own benefit at the expense of the respondent. The result is an affront to good
- B common sense and public policy and the registration ought to be struck out from the register.

AGGRIEVED PERSON

- C [35] Before the respondent could succeed in its claim, it had to demonstrate that it was a person aggrieved and having locus standi under ss 45(1)(a) and 46 of the Trade Marks Act 1976 to file the action. It will be noted that the respondent had contended all along that it is the rightful proprietor of the design since its launch in 2005. We are of the view that the respondent is the
- D common law owner of the design.

- E [36] The issue to be determined by the court was whether the respondent as the rightful owner had used the design as a trademark or whether the respondent has a genuine and present intention to use the design as a trademark in the trademark sense and in the course of trade, at any time before the appellant's application for registration on 9 July 2005.

- F [37] It will be useful to bear in mind the definition of 'trademark' as defined in s 39 of the Trade Marks Act 1976 as follows:

- G 'Trade Mark' means, except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person, and means, in relation to Part XI, a mark registrable or registered under the said Part XI.

- H [38] It will be appropriate to also consider the provisions of ss 45(1)(a) and 46 of the Trade Marks Act 1976 at this juncture. Section 45(1)(a) provides:

(1) Subject to the provisions of this —

- I (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as it thinks fit.

And s 46 of the Act provides that:

(1) Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trademark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground:

- (a) That the trademark was registered without an intention in good faith, on the part of the applicant for registration or, if it was registered under subsection (1) of section 26, on the part of the body corporate or registered user concerned, to use the trademark in relation to those goods or services and that there has in fact been no use in good faith of the trademark in relation to those goods or services by the registered proprietor or registered user of the trademark for the time being up to the date one month before the date of the application; or
- (b) That up to one month before the date of the application a continuous period of not less than three year had elapsed during which the trademark was a registered trademark and during which there was no use in good faith of the trademark in relation to those goods or services by the registered proprietor or registered user of the trademark for the time being.

[39] The words ‘aggrieved person’ have been considered by the Federal Court in *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741; [2009] 4 CLJ 749 to mean as follows:

... On whether the applicant was a person aggrieved, Chan Sek Keong JC, after considering the speeches of Lord Herschell and Lord Watson in the House of Lords in *Powell’s Trade Mark* [1894] 11 RPC 4; [1984] AC 8, and the manner in which subsequent judges reacted to the opinions of the said Law Lords in *Lever Bros, Port Sunlight Ltd v Sunniwite Products Ltd* [1949] 66 RPC 84, *Consort Trade mark* [1980] RPC 160, and *Wells Fargo Trade Mark* [1977] RPC 503, concluded as follows:

On the basis of these decisions, it is plain that the applicant will fail in this appeal unless he can show that he has used his trademark in the course of a trade which is the same as or similar to that of the respondents or that he has a genuine and present intention to use the mark as a trademark. But the evidence shows none of these things, as the registrar has found ...

We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trademark — or who has a genuine and present intention to use his mark as a trademark — in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register.

[40] The consideration of the words ‘aggrieved person’ by the Federal Court in *McLaren* was followed by Azahar Mohamed J (now JCA) in the case of *The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd* [2011] 2 MLJ 768; [2011] 9 CLJ 394 where His Lordship had this to say:

A We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trademark — or who has a genuine and present intention to use his mark as a trademark — in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that a person wants to have removed from the register.

B In the Federal Court case of *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* [2012] 4 MLJ 20; [2012] 3 CLJ 661 at para 16, it was held by the court that ‘Not anybody can be an ‘aggrieved person’ for the purpose of s 46 of the TMA. He must be someone who has some element of legal interest, right or
C legitimate expectation in its own mark which is being substantially affected by the presence of the registered trademark. The interest and right must be legal or lawful. It does not apply to an infringer of the said registered trademark’.

[41] In the present case, this court is amply satisfied from the facts that the
D respondent is clearly an aggrieved person to come within the ambit and scope of s 46(1) of the Act and thus has the locus standi to bring this action.

USE OF THE DESIGN AS A TRADEMARK IN THE COURSE OF TRADE BY THE RESPONDENT

E [42] Thus, the next important question to be determined by the court was whether the respondent had used the design as a trademark in the course of trade.

F [43] The unanimous view of the court is that the respondent has succeeded in proving on a balance of probabilities, that it has used the design as a trademark in the course of trade. In summary and at the risk of repetition, the following are the facts accepted by the court as having been established by the
G respondent:

- (a) the respondent had used or intended to use the design in the course of trade in Malaysia and not for branding purposes only;
- (b) the purchase of sports goods bearing the design produced and supplied
H by the appellant as evidenced by the invoices submitted was evidence of actual trade in the goods bearing the mark in trade and not merely as a ‘promotional symbol’;
- (c) although the respondent did not sell the sports goods to Malaysian
I athletes, the purchase and distribution of the sports goods amounted to actual trade in the goods in the wider sense and were not merely used as a ‘badge of support, affiliation, allegiance and loyalty to the national team’ as contended by the appellant;

- (d) as for use of the design in the course of trade and business, it was not necessary for the respondent to show sale of the goods to members of the public to indicate that the design belonged to the respondent; A
- (e) the respondent had established good-will and reputation through sports promotional and advancement activities in the purchase and distribution of the sports goods bearing the design to Malaysian athletes when worn during domestic, regional or international sporting competitions; B
- (f) the use of the design as a mark by the respondent was not merely to 'evoke amongst Malaysians a feeling of trust, reliability, loyalty and recognition for the work, activities and objectives' of the respondent and the Ministry of Youth and Sports as contended by the appellant; C
- (g) the respondent had proven that before the appointment of the appellant, the sports goods bearing the design had been produced and supplied by another supplier, Antioni; and D
- (h) the use of the design was intended to be used by the respondent to indicate the origin of the sports goods supplied by the respondent to Malaysian athletes. E

[44] We are of the considered view that the learned trial judge was correct in her approach when determining the meaning of the phrase 'in the course of trade' when she held that 'In my view, what amounts to 'in the course of trade' for the purposes of the issue in this case is not what can be argued to be its meaning in the strict sense or scope, but what the ordinary perception of the concept in the course of trade is in the eyes of the public' and in relying on the case of *Law Society of England and Wales v Society of Lawyers* [1996] FSR 739. F

[45] It can be said that the purpose of a mark is to indicate that the goods are the goods of the proprietor of such trademark by virtue of manufacture, selection, certifications, and dealing with or offering for sale. In the present case, the least that the respondent did with the sports goods bearing the design was to distribute them for free to Malaysian delegates thereby dealing with the goods. The respondent had legitimate expectations when dealing with the sports goods in that its activities would be affected if the appellant was to be allowed to continue using the design as a trademark. G H

[46] The registration of the design as a trademark by the appellant was without sufficient cause for the following reasons: I

- (a) s 25(1) of the Trade Marks Act 1976 provides that 'any person claiming to be the proprietor of a trademark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner';

- A (b) it is trite that a person or company cannot be properly registered unless he is the proprietor of the trademark. Thus, it is important to determine who in fact and in law is the rightful proprietor of the design, the entity that has the proprietary right to the design in the sense that it has the absolute right to use it (see *Al Bassam Trade Mark* [1995] RPC 511 and *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495);
- B
- C (c) proprietorship is determined by first use, which is a question of fact to be determined by the court. From the facts of this case, the court is satisfied that the respondent has shown 'first use' within the meaning of s 25 of the Trade Marks Act 1976 when it had used the design for some three years before the appellant applied to register the mark. Section 25(1) of the Act provides as follows:
- D Any person claiming to be the proprietor of a trademark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner,
- E Before the appellant came into the picture, the respondent had previously appointed Antioni to produce and supply the sports goods bearing the design. Accordingly, it can safely be said that it was the respondent who was the 'first user' and who was in any event the creator or originator of the design, as discussed earlier in these grounds of judgment. Under common law the party that first uses a trademark owns the mark and this common law ownership entitles that party to apply for registration of the mark as a bona fide applicant under s 25(1) of the Act. In the case of *Syarikat Zamani Hj Tamin Sdn Bhd & Anor v Yong Sze Fun & Anor* [2006] 5 MLJ 262 Ramly Ali J (now FCJ) stated at p 298:
- F It is trite law that the first to use a mark in Malaysia would prevail. Otherwise it would result in an anomaly in the law in the sense that the first and original user of a mark is defeated by subsequent user.
- G And the case of *LB (Lian Bee) Confectionery Sdn Bhd v QAF Ltd* reiterates the established legal position under common law that a first user of a mark is lawfully entitled to use the said mark,
- H (d) there is no material difference or distinction between the respondent's mark and the appellant's mark. They are identical as the appellant had copied the mark of the respondent without any embellishment whatsoever. There was no evidence to show that the design was distinctive of the appellant's goods in the commercial, trade and business sense; and
- I (e) the appellant had demonstrated its bad faith when applying for registration of the design when it declared in its statutory declaration in support of the application that the mark belonged to it. This statement was not true even by the appellant's own evidence as it had acknowledged in the trial that the design belonged to the respondent.

Thus the declaration was false or at the very least misleading to the Registrar of Trade Marks. It is a wrongful claim which led to the registration of the design as a mark belonging to the appellant without just and sufficient cause.

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PASSING-OFF

B

[47] The court has already held that the respondent had enjoyed goodwill and reputation in the sports goods bearing the design even before the appellant had applied for registration.

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[48] The respondent sought relief to restrain the appellant from using the design in connection with its goods so as to prevent the public from being confused in thinking that the appellant's goods are associated with those of the respondent.

D

[49] The tort of passing-off is a common law wrong (see *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774; [2009] 3 CLJ 540). Passing-off does not protect the use of a mark, name, get up or any other sign which is distinctive of a business, but the goodwill of the business that uses them.

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[50] Whether or not there is goodwill attached to a product in a particular case is a question of fact to be determined by the court. The degree or amount of goodwill will depend on the facts and circumstances of the case and the evidence adduced at trial (see *U-Re Auto Sdn Bhd v York Pacific Holdings Ltd* [2004] 3 CLJ 172).

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[51] For reasons discussed earlier, the court was satisfied that the respondent was the first user of the design from as early as 14 April 2005. The use of the design on sporting goods has been acknowledged as a national identity in sports in Malaysia. It was the respondent that had appointed the appellant to produce the sports goods carrying the design in 2006 with the first invoice issued on 11 December 2006 by the appellant.

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[52] What is objectionable in the tort of passing-off is the risk of confusion of the marks among the end consumers. Confusion is a question of fact to be determined by the court (see *Cadbury Schweppes Pty Ltd and others v Pub Squash Co Pty Ltd* [1981] RPC 429).

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[53] In *Leather Cloth Co Ltd v American Leather Cloth Co Ltd* (1865) 11 HL Cas 523 it was held by the court that:

A The fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader, and he cannot, therefore be allowed to use names, marks, letters, or other indicia, by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person.

B [54] On a comparison of the appellant's mark and the respondent's mark, as held earlier, there is in fact no difference between the marks. The design has been recognised by the public as distinctive of the respondent's sports goods. The appellant's mark by being similar to that of the respondent would cause confusion in the minds of members of the public into believing that the
C appellant's mark is somehow associated with the respondent.

[55] The court is of the view that the appellant is liable for breaches under the tort of passing-off for using the design rightfully belonging to the
D respondent.

[56] However, we do not intend to proceed further to deal with the issue of quantum of damages as the respondent itself had during the appeal informed the court that the respondent was not claiming for damages. In any event no damages had been assessed by the learned trial judge or registrar of the court
E below.

CONCLUSION

F [57] In summary, the court sets down below its reasons for dismissing the appeal:

- (a) the appellant's registration of the design as its trademark was wrongfully made without sufficient cause and was wrongfully remaining on the trademarks register pursuant to s 45(1)(a) of the Trade Mark Act 1976.
G The application was filed in bad faith pursuant to s 46(1)(a) of the Act;
- (b) the registered mark of the appellant is identical to the design belonging to the respondent. The similarity causes confusion in the minds of members of the public;
- (c) the owner and first user of the design was the respondent;
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- (d) factually the appellant's trademark is not distinctive of its goods; and
- (e) the respondent had used the design as its mark in the course of trade, in the broader sense. As the rightful proprietor of the mark and as the first user, the respondent was an aggrieved person by definition and thus had
I locus to file the action against the appellant.

[58] Accordingly, the respondent's claim was allowed to expunge the appellant's trademark from the register of trademark under ss 45(1)(a) and 46

as the appellant is not the proprietor nor the first user of the design. The appellant did not have a good title to the mark and the registration thereof was without legal basis. When the appellant supplied the sports goods bearing the design for the respondent, it had supplied them solely for the business of the respondent and none other.

[59] In the result, the appeal was accordingly dismissed with costs. The trademark register is hereby rectified by the removal of Trade Mark Nos 09011365 and 09011366 registered in the name of the appellant.

Appeal dismissed with costs.

Reported by Afiq Mohamad Noor

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